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SUBJECT: Rwanda Update for 2008 President's Report on
AGOA

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11. SUMMARY. In accordance with reftel, the following
provides an update for the 2007 President's Report on
AGOA for Rwanda.

Economic Situation: The government exercises, chiefly through the Ministry of Finance and the Central Bank, manages the economic health of the country, including tax collection, banking, trade agreements, anti-corruption, and fiscal policy. Almost eighty five percent of the population remains in subsistence agriculture. The government emphasizes the importance of promoting private investment, particularly foreign, as an engine of development. The government has implemented several initiatives to increase investment and improve the climate for doing business in Rwanda, with particularly emphasis on faster processing of imports. The Rwandan Investment and Export Promotion Agency (RIEPA) has developed information materials, organized trade fairs domestically and abroad, and established assistance offices in Rwanda to encourage and assist investors. Minerals became the number one export in 2007 while the construction and tourism sectors have showed tremendous growth. Rwanda faces numerous challenges, including physical isolation, a small market, high energy costs, developing infrastructure and lingering regional instability, most recently shown in Kenya's post-election turmoil.

Trade Liberalization: On February 19, 2008 President Bush and President Kagame signed a Bilateral Investment Treaty, which will provide legal protections for U.S. and Rwandan investors, underscoring the two countries' shared commitment to open investment and trade policies. In 2007, Rwanda joined the East African Community, a regional intergovernmental organization which aims at greater economic cooperation. There continues to be no significant trade barriers that affect the importation of goods and services to Rwanda, and market liberalization remains a key policy goal. Few parastatals remain to be privatized, and the government appears committed doing so in a transparent manner. Many draft commercial laws, including the establishment of a commercial court system, are close to being enacted.

Political Pluralism: In 2003, President Kagame was elected to a seven-year term, with 95 percent of the vote. Members of Parliament were also elected to five year terms. In February 2006, local officials were elected to five-year terms in elections at the cell, sector and district levels. The next legislative elections will be held in 2008, Presidential elections in 2010 and local elections in 2011. The 2003 presidential

and legislative elections were peaceful but marred by serious irregularities. The nonpartisan 2006 local elections were generally considered free and fair, with no indication of coercion, harassment, or intimidation of voters. On June 1, 2007, a new political parties law abolished restrictions on political parties' ability to organize and open offices at all administrative levels. Independent parties report they are now free to circulate and attract supporters throughout the countryside.

Rule of Law: The government continues to make efforts to strengthen the independence and capacity of the judiciary. In most cases, the judiciary operated without government interference. Members of the national bar association noted increased judicial independence during the year, citing the increased willingness of judges to rule against the government and a higher standard of judicial training and education. The judiciary has undertaken extensive efforts to reduce the backlog of pending cases. A new legal training institute began operations in 2007.

Anti-Corruption: Corruption in the country was a problem although the government continued its active efforts to combat it. In 2003, it established the Ombudsman's Office and the Auditor General's Office to investigate corruption within government, focus on corruption prevention and review financial disclosure reports of senior government officials to ensure transparency and accountability. The government has provided training to the National Police to improve professionalism and to promote respect for rule of law. In 2007, the government prosecuted several senior officials on corruption

charges.

Poverty Reduction: The government has made efforts, with measurable results, to reduce poverty and to improve access to health care and education, despite its severely limited resources. Under its national policy of universal primary education, the government provides free primary education to all children. A joint government-donor task force is focusing on improvement of girls' education. The government is attempting to improve access to health care through greater decentralization to ensure adequate health services at the local level. Rwanda's Poverty Reduction Growth Facility program is considered on track by the IMF. At the Development Partners' meeting in the fall of 2007, Rwanda announced that it was making good progress at meeting many of the Millennium Development Goals, although it was not likely to achieve its 2015 targets regarding poverty reduction.

Labor: Rwanda has ratified all eight of the core ILO Conventions, including ILO Convention 138 on minimum age and ILO Convention 182 on the worst forms of child labor. Rwandan law provides all salaried workers, including some civil servants, with the right to form and join labor unions without prior authorization, and workers exercised this right in practice. While all unions must register for official recognition, there were no reports of the government denying recognition. The law prohibits unions from having political affiliations and from publicly expressing political opinions. It also provides for collective bargaining, but this right was severely limited in practice. A complicated negotiation process means that strikes are effectively prohibited. In November 2005, the government created a National Labor Council with equal representation from government, employers, and labor unions. A new labor law is in the development stage, but progress as slow as the government tries to balance worker rights and business interests.

Child Labor: Except for subsistence agricultural workers, the law prohibits children under the age of 16 from working outside of the household without their parents' or guardians' permission, though child labor

remains common in the agricultural sector. As part of its youth employment policy, the government has undertaken a child labor study and has outlined strategies for withdrawal of children involved in child labor and mechanisms for prevention. The government supports two U.S. DOL-funded regional projects targeting child soldiers and children affected by HIV/AIDS and several UNICEF-funded projects to combat child prostitution and child labor. In January 2008, the government introduced a national policy for the elimination of child labor.

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